APPLICATION FOR

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FOR

PAYMENT SERVICE METHOD AND SYSTEM

By:

INVENTOR

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PAYMENT SERVICE METHOD AND SYSTEM

Background of the Invention

1. Field of the Invention

The present invention relates generally to financial transaction systems and methodologies, and in particular to a system and method for making payments based on a customer identification.

2. Description of the Related Art

A wide variety of payment methods are available to consumers of goods and services. In addition to currency, consumers are often able to use their credit in making purchases. A common system for making credit purchases involves the use of a credit card provided by a credit card issuer, such as a commercial bank or other financial institution. Non-credit transactions can be handled by debit cards, which utilize funds already deposited by the consumer for payment purposes.

Many types of payment methodologies are dependent upon customers having relationships with financial institutions such as banks, credit unions, etc. However, a substantial percentage of consumers do not use such conventional financial institutions. These consumers are often referred to as "unbanked" because they do not maintain accounts with such institutions. Unbanked consumers are often inconvenienced in making financial transactions. For example, without bank accounts, they experience difficulty and inconvenience in obtaining negotiable instruments, making purchases on credit, etc.

Recently there have been a number of new products which provide at least partial solutions to the problems of the unbanked and other consumers. For example, "prepay" cards allow consumers to pre-purchase various goods and services. An important example relates to

1   the use of telecommunications services, which are available through prepaid "calling cards".

2   Many consumers prepay on a monthly basis for "dial tone" service.   Prepaid cards can also be

3   reloadable whereby additional value can be added by consumers for using their cards indefinitely.

4   Another prior art payment system involves the use of payment service providers making

5   payments on behalf of consumers over the Internet global computer network or by negotiable

6   instrument. Such a payment service is available from Western Union Commercial Services under

7   its trademark QUICK COLLECT®. This product allows consumers to make payments to

8   Western Union agents who the transfer funds either over the Internet global computer network or

9   issue negotiable instruments to the payees on behalf of the customers/payors. Heretofore there

10   has not been available a payment service method and system with the advantages and features of

11   the present invention.

Summary of the Invention

13   In the practice of the present invention a payment service provider contracts with its client

14   to facilitate payments and prepayments on account from their customers. The customers enroll in

15   the service by communicating with the payment service provider through any one of a number of

16   different interfaces. A unique identification is assigned to each customer and can consist of any

17   suitable character string or similar unique identifier. For example, customers using the payment

18   service for their telephone bills can utilize their telephone numbers as their identifiers.

19   Commercial clients can pre-enroll their entire customer databases with the payment service

20   provider. The payment service provider then simply issues the identifications and processes

21   applications for enrollment from customers. The payment service provider, or its agents, receive

22   payments from the customers and process same for payment to the clients. The invention

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1 accommodates a variety of options and enhancements for customizing and expanding the service.

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Objects and Advantages of the Invention

4 The principle objects and advantages of the present invention include:

5 1. providing a payment method and system;

6 2. providing such a payment method and system which utilize a payment service provider

7 with an agent network;

8 3. providing such a payment method and system which facilitate payment to clients from

9 the clients' customers;

10 4. providing such a payment method and system which enables customers to contact and

11 enroll in same through a variety of different interfaces;

12 5. providing such a payment method and system which facilitate promoting the use of the

13 payment system and method;

14 6. providing such a payment method and system which promote the products of the

15 payment service provider's clients;

16 7. providing such a payment method and system which are adapted for promoting and

17 cross selling other products of the payment service provider and its clients;

18 8. providing such a payment method and system which capture transactional data for use

19 in managing a customer database; and

20 9. providing such a payment method and system which are efficient in operation and

21 particularly well adapted for the proposed uses thereof.

1   Other objects and advantages of this invention will become apparent from the

2   following description taken in conjunction with the accompanying drawings wherein are set forth,

3   by way of illustration and example, certain embodiments of this invention.

4   The drawings constitute a part of this specification and include exemplary embodiments of

5   the present invention and illustrate various objects and features thereof.

Brief Description of the Drawings

6   Fig. 1 is a block diagram of a payment service system embodying the present invention.

7   Fig. 2 is a flow chart for payments made in accordance with the method of the present

8

9   invention.

10   Fig. 3 is a flow chart of a method for enrolling customers.

11   Fig. 4 is a flow chart for implementing payment parameters.

12   Fig. 5 is a flow chart for a dynamic client/customer interface.

13   Fig. 6 is a flow chart for providing advertising and coupons on receipts for payments.

14   Fig. 7 is a flow chart for providing an automatic repeat customer discount.

15   Fig. 8 is a flow chart for cross selling services of the client.

16   Fig. 9 is a flow chart for metering transactions involving accounts.

17   Fig. 10 is a flow chart for providing rebates to clients.

18   Fig. 11 is a flow chart for alternative payment methods.

1   Fig. 12 is a flow chart for additional product support.

2   Fig. 13 is a flow chart for client-specific enrollment.

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4   **Detailed Description of the Preferred Embodiments**

5   As required, detailed embodiments of the present invention are disclosed herein; however,

6   it is to be understood that the disclosed embodiments are merely exemplary of the invention,

7   which may be embodied in various forms. Therefore, specific structural and functional details

8   disclosed herein are not to be interpreted as limiting, but merely as a basis for the claims and as a

9   representative basis for teaching one skilled in the art to variously employ the present invention in

10   virtually any appropriately detailed structure.

11   Referring the drawings in more detail, the reference numeral 2 generally designates a

12   payment system embodying the present invention. As shown in the block diagram Fig. 1, the

13   system 2 includes a payment service provider 4 for facilitating payment from a customers/payor 6

14   to one or more clients/payees 8.

15   Each customer/payor has a unique ID 10, which can comprise any suitable identifier.

16   Conventional identifiers such as name, social security number, PIN, etc. are acceptable.

17   Moreover, the system 2 can accommodate "anonymous" customer/payors 6. Such customers 6

18   can maintain their anonymity by creating their own ID's 10. The ID 10 can also comprise the

19   customer's telephone. Thus, the system 2 could be used for paying for telephone services using

20   only the customer's telephone number for identification purposes. The customer in this model

21   does not even have to provide an address or any other personal information. Similar identification

22   arrangements could be used with other clients 8, i.e. accepting payments on accounts with the

1   customers identified by their respective account numbers. The customer 6 interfaces with the

2   payment service provider 4 through an interface 12. The interface 12 can comprise any suitable

3   form or device for communications, including telephone (which can incorporate voice recognition

4   (VR)), worldwide web (Internet), mail, in-person, a point-of-sale (POS) terminal with a card

5   reader, e-mail or any other suitable interface.

6   The payment service provider 4 can include an agent network 14 which can provide point-

7   of-sale (POS) contact points system-wide for convenient in-person accessibility by the customers

8   6. The payment service provider 4 maintains customer accounts 16 which can correspond to the

9   clients/payees 8. Each client/payee can have associated therewith a customer database 18

10   containing pertinent information regarding the customers 6 and their respective accounts 17. The

11   designation of accounts, subaccounts, master accounts, etc. can vary from client-to-client. Thus,

12   as used herein the terms "account", "subaccount" and similar terms can designate either the entire

13   account base of a particular client 8, or the individual account of a customer(s) 6.

14   Fig. 2 is a payment flow chart depicting a payment method which commences with the

15   enrollment of a new customer/payor at 22 whereafter an ID 10 is assigned at 24. An account 17

16   is established with the payment service provider 4 at 26. Optionally a card 20 can be issued to the

17   customer 6 at 27. The card 20 can comprise an ID card, a reloadable/stored value card, a credit

18   card, a debit card, etc. Any suitable card configuration can be utilized. For example, preprinted

19   cards with concealed customer ID's 10 can be inventoried with the agent network 14 for

20   distribution upon enrollment. However, the system 2 can function without any cards whatsoever

21   simply by assigning unique customer ID's 10 for purposes of conducting all payment transactions.

22   A payment is made on the account at 28. The payment is applied at 30 and the subaccount

1   records are updated at 32. A decision is made at a decision box 34 if another transaction is to be

2   conducted. If so, the process returns to the payment application step 30 whereby the customer's

3   payment can be applied to another account. If not, the process ends.

4   Fig. 3 shows a method of enrolling the customer base of a client 8 including the step of the

5   client creating a customer database at 38. At 40 the database is formatted, preferably pursuant to

6   the standards established by the payment service provider 4 to facilitate automation of the

7   payment process. All of the customers 6 in the client's customer database can automatically be

8   enrolled in the payment service at 42. The customers 6 can be notified of the payment service

9   availability at 44, whereupon the new customer can contact the payment service provider 4 at 46

10 and activate the account at 48. The customer ID 10 is assigned at 50, the customer makes a

11 payment on a client's account at 52 and the client's records are updated at 54.

12   Fig. 4 shows a methodology for establishing payment parameters. At 58 the client

13 designates the products for payment service. The system and method can accommodate clients

14 with multiple products by allowing flexibility in establishing the payment parameters for each and

15 by accommodating different payment directions from customers 6 on the various products. The

16 client designates its payment denominations (e.g. $5, $10, $20, etc. increments) at 60 and applies

17 the payment denominations to its products at 62. The payment service plan can optionally be

18 configured to accept exact payments of any amount without applying predetermined payment

19 denominations. Payment service provider fees are established at 64. The fees can reflect the

20 nature of the clients' accounts. For example, payment bands can be input at 66 wherein various

21 bands are applicable according to the number of customers. Pricing can also be based on the

22 ranges of principle payment amounts at 68. The fees associated with the transactions are input at

1   70. The payment service provider 4 can set a variable fee schedule, taking into account factors

2   such as pricing, principle and fee bands and ranges at 72.

3   Fig. 5 shows a dynamic client/customer interface methodology wherein the customer

4   enrolls with the payment service provider at 76, makes a payment at 78 and is issued a receipt at

5   80. The customer is assigned an ID at 82. Client messaging to the customer is communicated at

6   83 and can include the customer service number. The value of the available payment service is

7   designated at 84. A coupon is printed at 85 for eligible customers 6. Customer eligibility is

8   determined at 86 and ineligible customers are excluded at 88.

9   Fig. 6 shows an optional methodology for utilizing the customers' receipts for advertising

10   and coupons. A client promotion is initiated at 94. Alternatively, a promotion can be initiated for

11   a non-competitor of the client at 96. At 98 the advertising or coupons are printed on the receipts,

12   which are provided to the customers at 100. The customers 6 can redeem the coupons at 102.

13   At 104 the advertisement and coupon impressions are tabulated for each client and the coupon

14   redemptions are tabulated at 106. The client pays the payment service provider at 108. Based on

15   tabulated redemptions, the client can also pay the payment service provider at 110. Customer

16   data is collected from the coupon redemptions at 111. The customer data can be manipulated in

17   various ways and reported to the client at 112.

18   Fig. 7 shows a procedure for rewarding repeat customers with discounts. At 116 the

19   interval for the discounted payment service is set and a number of repeat transactions N is set at

20   118 in order to qualify for a discount. (N). A customer payment count (CPC) is set to zero at

21   120. A customer payment is made at 122 and increments the customer payment count (CPC+1)

22   at 123. At a decision box 124 the customer payment count is compared to the number of

payments required for discount eligibility (CPC=N?). If negative, the procedure returns to the

customer payment step 122. If affirmative, an immediate discount can be provided on the current

payment charge to the customer at 126. A congratulatory message to the customer is printed at

128, for example on the receipt.

Fig. 8 shows a cross-selling methodology which commences with the step of a new

customer enrollment at 130. A new customer screen is displayed at 132 for purposes of

promoting other services of the payment service provider at 134. For example, other related

money-transfer services of the payment service provider 4 could be promoted to the customer 6 at

136. Internet-based services can be promoted at 138 and direct telephone contact services can be

promoted at 140. The enrollment information can be captured at 142, and can reflect the services

utilized by the customer. Still other services can be promoted at 144.

Fig. 9 shows a transaction metering procedure which commences with the client 8

providing the card configuration at 148. An ID "trap" occurs at 150 whereby a first or other

special transaction is identified for special handling. An account transaction counter is initiated at

152 and a first transaction is logged at 154. A last transaction is logged at 156 and a running log

of time elapsed since the last transaction (corresponding to an inactivity period) is maintained at

158. At decision box 160 a determination is made if the inactivity has exceeded the maximum

allowable period. If affirmative, a retire account step occurs at 162 and the sub-routine ends. If

negative, the sub-routine continues to track transaction recurrences at 164 and monitors

retentions at 166. Future marketing and rebate programs are metered at 168 and market records

are provided to the client at 170 based upon the data received in the above steps. The market

records can be used as an adjunct to the client's customer database.

1   Fig. 10 shows a client rebate routine wherein a number of transactions required for rebate

2   eligibility is set with the client at 174 (NTR). New customers are enrolled at 176, cards are

3   printed at 178 and the clients 8 are charged at 180. The number of transactions (NT) is initialized

4   to zero at 182, a transaction occurs at 184 and increments the number of transactions (NT+1) at

5   186. At decision box 188 a determination is made if NT=NTR? If affirmative, the cost of the

6   card is rebated to the client at 190. If negative, the routine returns to the transaction step for the

7   next increment.

8   Fig. 11 shows a methodology for making payments using various options. The customer

9   initiates a payment at 194 and provides his or her ID at 196. Various payment options are

10   displayed, and can include negotiable instruments (e.g. checks, cashier checks, money orders,

11   etc.), credit cards, debit cards, etc. A payment method is selected at 200 and is verified at 202 to

12   ensure that "good" (i.e., collectable) funds are available from the customer 6 utilizing the selected

13   payment method. The payment is accepted at 204.

14   An additional product support procedure is shown in Fig. 12 and commences with the

15   client 8 identifying multiple products to be supported at 208. For example, a telecommunications

16   client might provide various products such as prepaid dialtone, prepaid cellular, prepaid internet

17   access and insurance. All of these products could be provided on a single card. A premium fee

18   could be charged by the payment service provider 4 at 210. Destination codes could be assigned

19   to the client's various products and a preferred customer screen created for displaying same at

20   212, 214 respectively. The client's products would be displayed on the preferred customer screen

21   at 216 whereby the customer could choose a product to pay on at 218. At 220 the customer

22   chooses the the amount to pay on the chosen product. At decision box 222 the customer has the

1   option of choosing another product to pay on. If affirmative, the preferred customer screen with

2   the multiple products is displayed again. Otherwise, the sub-routine ends.

3   Fig. 13 shows a client-specific enrollment methodology, as contrasted with a generic

4   enrollment procedure commencing with client-specific payment service advertising which

5   identifies the payment service provider 4 and directs potential customers to its agent network 14.

6   The payment service provider agent enrolls a customer on behalf of the client at 226. The

7   customer is typically either a present or prospective customer for the client's goods or services

8   and has been directed to the payment service providers agent network 14 as a way of paying for

9   same. At 228 the customer and the payment service provider agent select the features and pricing

10 desired by the customer for the client's products. An account number can optionally be assigned

11 on behalf of the client by the payment service provider agent at 230. The payment service

12 provider is paid by the customer at 232, and in turn pays the agent at 234.